



June 27, 2019

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: *Universal Service Contribution Methodology, WC Docket No. 06-122; Connect America Fund, WC Docket No. 10-90*

Dear Ms. Dortch:

On Tuesday, June 25, 2019, Denny Law, Chief Executive Officer of Golden West Telecommunications, and the undersigned on behalf of NTCA–The Rural Broadband Association (“NTCA”), met separately with Preston Wise, special counsel to Chairman Ajit Pai, and Travis Litman, chief of staff to Commissioner Jessica Rosenworcel, regarding matters in the above-referenced proceedings.

Golden West and NTCA first expressed gratitude for the efforts by the Federal Communications Commission (the “Commission”) to provide more sufficient and predictable high-cost Universal Service Fund (“USF”) support, and described plans by Golden West specifically and NTCA members generally to utilize the resources and greater certainty provided in a December 2018 order to invest in broadband-capable networks in rural America.¹

The parties also discussed, however, concerns that the potential for action by the Commission in the form of imposing a new overall cap on the USF programs – effectively tying all four USF programs together under one umbrella cap – could undermine the predictability finally restored by the *December 2018 Order* and hinder the progress in broadband investments spurred by that decision. In particular, NTCA observed that the precise reasoning of the Commission in the *December 2018 Order* in rejecting the notion of an overall budget cap for small rural carrier USF support applies with equal force to the concept of potentially establishing an overall budget cap for *all* USF support:

¹ *See Connect America Fund, et al., WC Docket No. 10-90, et al., Report and Order, Further Notice of Proposed Rulemaking, and Order on Reconsideration, 33 FCC Rcd 11893 (2018) (“December 2018 Order”).*

In addition, rather than awarding legacy support based on the budget remaining once other rate-of-return recipients have been funded under the overall \$2 billion budget, we establish this budget for legacy providers separate and apart from the other programs. *In doing so, we provide greater certainty and predictability for legacy providers. We agree that separate budgets “enable proponents of the two support mechanisms [legacy and A-CAM] to focus on how best to efficiently maximize broadband deployment under each paradigm.” Furthermore, we agree that “each should be afforded a budget analysis on its own bona fides without regard to the other,” which will allow us in the future to better evaluate “each support mechanism on its own merits.” . . . We find that an all-encompassing rate-of-return budget is no longer appropriate, given the different obligations and terms of the various rate-of-return funding streams. . . . Legacy carriers should have their own budget—a budget that is suited to allow small, rural carriers to meet consumers’ demands in rural areas in furtherance of universal service goals.*²

Just as the Commission rightly concluded that the establishment of separate budgets *within* the high-cost USF program would foster “greater certainty and predictability,” the maintenance of separate, carefully designed and applied budgets for each of the four distinct USF programs individually is necessary to achieve and preserve the same effects. NTCA also observed that to the extent the Commission believes some periodic review of USF budgets is necessary and appropriate to ensure that each program is contributing effectively over time toward the goals of universal service, it could rather simply establish a rule requiring just such a periodic simultaneous review of each program’s individual budget in lieu of adopting an overall cap that might mechanically result in the reduction of support across programs without tether to the mission or effectiveness of each program individually.

Thank you for your attention to this correspondence. Pursuant to Section 1.1206 of the Commission’s rules, a copy of this letter is being filed via ECFS.

Sincerely,

/s/ Michael R. Romano

Michael R. Romano

Senior Vice President –

Industry Affairs & Business Development

cc: Preston Wise
Travis Litman

² *Id.* at 11917-18, ¶¶ 84-85 (emphasis added and internal citations omitted).